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C O N F I D E N T I A L BAGHDAD 001390

SIPDIS

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TAGS: [PGOV](#) [EFIN](#) [KCOR](#) [ECON](#) [PREL](#) [IZ](#) [UN](#)
SUBJECT: PROGRESS ON OIL-FOR-FOOD CONTRACTS

REF: A. A) BAGHDAD 00294
[1](#)B. B) BAGHDAD 01097
[1](#)C. C) STATE 29981

Classified By: EMIN Marc M. Wall, Reasons 1.4 b, d.

[1](#)1. (C) Summary. Foreign Minister Zebari,s Chief of Staff Ambassador Srood Najib told the Embassy that he had reduced the number of outstanding Oil-for-Food (OFF) contracts from 130 to 80. He hopes to have all outstanding OFF accounts closed, and return whatever is left to the Development Fund for Iraq (DFI). He also outlined a handover plan for the OFF documents still in Embassy possession. End Summary.

Outstanding Contracts Reduced

[1](#)2. (C) In a meeting on May 26 with Embassy Economic Counselor, Ambassador Najib told us that he had reduced the number of outstanding open and disputed OFF contracts from 130 or so down to 80. He hoped to reduce it to a further 30 by late June before his planned visit to New York to discuss open UN Chapter VII issues. He is urging all relevant ministries to respond to remaining questions by late June. &If it is our mistake, we,ll take responsibility for it,8 Najib said. He noted that many of the outstanding cases belong to the Ministry of Trade, and expects that the departure of Minister al-Sudani (septel) may be a positive in terms of Ministry of Trade cooperation on closing the open files.

Russia Still a Problem

[1](#)3. (C) Najib noted that he is still having problems getting responses from Russia on OFF-related contracts. &We even gave the Russian government the names of the companies, many of which had Russian-government connections,8 he stated. &Our Ambassador to Russia at the time took millions, and is now under Russian protection.8

OFF Documents Handover

[1](#)4. (SBU) Econ Counselor and Najib reached agreement on the transfer of OFF documents from U.S. to Government of Iraq (GOI) control. The MFA will take possession of the documents in stages once embassy and MFA staff have completed a list of the boxes of documents. (Note: The MFA has not been successful in obtaining a copy of the detailed inventory of the individual OFF documents previous compiled and currently held by the Board of Supreme Audit, ref tel B, but has nonetheless agreed to carry out the transfer of documents on the basis of a simpler accounting of boxes. End Note.) Najib said he is coordinating with the Board of Supreme Audit, notwithstanding the inability of obtaining the detailed inventory from them. As documents are moved to the MFA, Najib intends to scan all of them. He will offer the

documents to the BSA and to the ministries that were involved in the actual contracts, but the MFA will retain a copy of all the documents for use in the future.

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